

**Tasking Memorandum No. 99- 225**

**Memorandum for:** DCMC Districts and CAOs that had an EVMS Baseline Review

**Subject:** Management Council Briefing on EVMS Baseline Review

**Date:** 1 Jul 99

**Suspense Date:** 15 Jan 00

**Target Audience:** DCMC CAO Commanders

**Requirement(s):**

- HQ DCMC Tasking Memorandum No. 99-151 detailed the results of the EVMS Baseline Reviews.
- One of the actions requires Commanders of the reviewed CAOs to brief their respective Management Councils. For each Management Council brief, the CAO must supplement the basic presentation with specific information related to the program and contractor at hand. In addition, CAOs are encouraged to use the individual reports related to their office. These reports are available for download at <ftp://160.147.213.30/EVMS> Reports.
- The purpose of the briefings is to share information with other stakeholders (customers and contractor) and to use their feedback in designing your local performance improvement plan. Your improvement plans are to be briefed to the District Commander at your next Commanders Operation Brief (DCMD West) or CAO Mission Briefing (DCMD East). The Management Council briefings and development of your plans should be completed by the suspense date. Starting in Jan 2000, the IOA EVMS checklist will be revised to include reviewing these plans.
- We would like to support you as much as possible as you give the briefings. If you would feel more comfortable with an EVMS Center or HQ Process Owner at the table when you give the briefing, we will try and support as much as schedules allow. Please contact the EVMS Center at (310) 900-6701 if this assistance is desired.
- Time spent supporting this Tasking shall be charged to PLAS:
- Process Code: 070
- Program Code: NP048

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Executive Director  
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Attachment: EVMS Management Council Briefing

## Defense Contract Management Command



### DCMC EVMS Baseline Review Management Council Briefing

Good Morning (Afternoon). This briefing is about a review that was conducted last year of our internal EVMS processes. But more than that, this briefing sets the stage for us to collectively move forward. I will discuss why the review was done, what was found (and specifically, what was found here), what actions are being taken, and to seek your collective feedback on actions to improve the use of EVM.

**DCMC is committed to EVMS** - I want to stress from the outset that DCMC is committed to earned value management and to implementing the new way of doing business in a Partnering approach with industry and with the Buying Commands. GAO in its draft report on "Major Acquisitions: Significant Changes Underway in DOD's Earned Value Management System" has described DCMC's role as one of "stewardship" of earned value. This is an apt description, as it is something we hold in trust to administer for the benefit of both Buying Commands and industry.

**DCMC is committed to Partnering** - The actions that are planned will not be entirely successful without the backing and partnering with Industry. Industry "owns" the system...so any action that DCMC has must be executed with that thought in mind.


**DCMC is committed to customer support** - We look to the Program Office to set the tone and leadership in the execution of their program.



## Agenda

- Importance of EVMS
- History and Objectives
- Review Reason
- Aftermath
- Review Results
- DCMC XXX
- What Do You Think?
- Summary

The intent of this chart is to not only give an overview of the presentation, but to set the stage for why the Management Council should concern itself with EVMS.

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## Importance of EVMS

- Planning
  - Clear definition of work
  - Understand Risks
- Managing
  - Objective measurement of work accomplishment
  - Provides true cost condition
  - Reduces adding work without adding budget
- Integrating
  - Fosters management decisions within an integrated framework

The importance of EVMS can be explained within the confines of three categories: Planning, Managing and Integrating.

**Planning** - Helps the line manager credibly request appropriate resources.

Provides the basis for a realistic plan against which to measure performance.

The risks are quantified in terms of cost, schedule, and technical performance.

**Managing** - Helps the line manager develop plans.

If the task can be done within scope, schedule, budget; confidence in a successful outcome is increased. If the task cannot be done within scope, schedule, budget; that problem can be defined and resolved at a time when the resolution will be reasonably inexpensive.

Other bullets for “Managing”: Assists the line manager to request needed help; Assists program and functional management to identify areas requiring additional management attention; Avoids false cost variances; Encourages realistic projections of final cost; Enhances accuracy of funding forecasts

**Integrating** - Ties budget directly to work; Requires all work transfers to include associated budget; Requires all budget transfers to include associated work



## Before EVMS, there was CS

- Everybody Hated
- Owned by Financial
- Checklist Mentality
- Report Generator
- *The bottom line* is that C/SCSC didn't achieve what it was originally designed to do...to Integrate Cost, Schedule and Performance Management

This chart is intended to be a “history lesson” before we get into the specifics.

C/SCSC was: Over implemented (deteriorated to a checklist mentality); Viewed as a financial as opposed to a Management tool; Treated as a govt reporting reqt, vice best practice.


Cost/Schedule Control Systems Criteria (C/SCSC) was designed by the Air Force in the 1960's and became DoD policy in 1967. It was intended to be used by industry and government program managers as the tool for effectively integrating cost, schedule and technical performance management.

So what has changed from then to now??? C/SCSC evolved into a bewildering array of financial terms and acronyms and served to discourage technically-oriented managers from enthusiastically embracing the new project management concept.


DoD and Service executives began to emphasize that earned value cost management is an integral part of program management.

Hence, out with C/SCSC and in with EVM.

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## EVMS Objectives



- Contractor Owns
- Government PM Uses
- Implementation is Effective
- Innovation Continues
- Outreach is Pursued

Program Success  
• Well Managed Programs

- EVMS seeks to overcome the implementation issues from C/SCSC.
- EVMS is Industry derived...i.e., not from some government think tank.

The Contractor: Owns the system; Is ultimately responsible; Embraces EVMS as an Industry Standard; Uses the data to manage; Implement, maintain and use an EVMS that satisfies the intent of all contract requirements; Develop an internal surveillance program; *Preferably, initiate joint surveillance*; Minimally, coordinate internal surveillance with the CAO to avoid duplication

The *“hook”* for industry is to stress that it’s their idea...to stress that idea that industry needs to take ownership.

As stewards of EVMS. We need to work closely with Industry and the PM:

1. To encourage using the data to manage
2. To assist with implementation is effective (which means that the system is being used to manage, not a report generator),
3. That new and inventive ways are being pursued with risk mitigation, and
4. That outreach through communication is engendered.

*This brings to why we are here today. How well is it working, what isn’t working, and how can we all collectively work together to ensure that we all get what we want.*



## Review Reason

- Why was the review done?
  - DoD and Customer Feedback on DCMC Performance
    - Programs in trouble
    - EV frequently cited as culprit
    - Criticisms of DCMC support

- As “stewards” of EVMS, we (DCMC) take the role seriously. Further, as a manager of the process (EVMS), we wanted to:

1. Baseline where we were at.
2. Identify areas of improvement
3. Take action to implement (pending feedback, of course)

- DCMC HQ was getting feedback from DoD and the Services about whether or not we collectively knew what our roles and responsibilities were with respect to EVMS. Suffice it to say that the feedback was mixed. With DCMC being named Executive Agent for EVMS just a few years ago (1996), the role is maturing...and it would be understandable if we did find areas for improvement.

- DoD is serious about using EVMS to manage by.

- The review was also meant to convey DoD’s expectations with respect to EVMS. They have formally accepted the Industry Guidelines in lieu of the 35 C/SCSC Criteria, but the acceptance doesn't imply that the government isn't interested in EVMS. Government is very much interested in sound project management techniques...and EVMS helps us all achieve that aim.



## The Review

- Completed the EVMS review of all CAOs with EVMS on Oct 1, 1998.
- Addressed
  - Executive Agent role
  - System Surveillance
  - Value-Added program analysis and reporting

•HQ DCMC Tasking Memorandum No. 98-261 outlined the requirement to perform a self-Review of the EVMS role. Six teams completed the Review of 54 CAOs on October 1, 1998.

### •Mechanics of the review

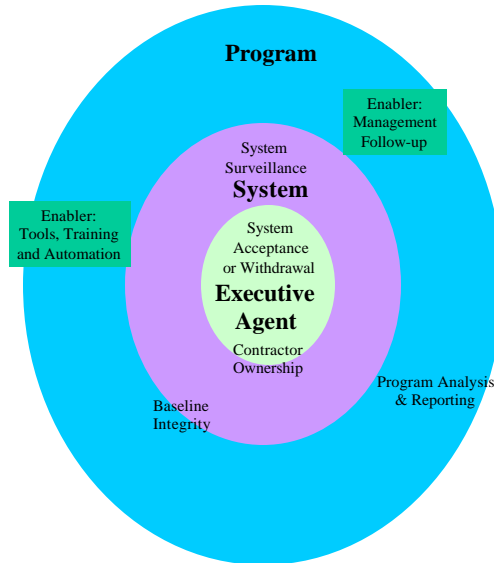
- The team started with a set of 9 questions that generated discussions related to the three areas listed above.
- Based on the responses and documentation that were provided to the questions, the review team assigned a rating of 1-5 (1 being Performed to 5 being Continuously Improving) based on a Maturity Model (MM) framework.
- All of the scores were added up for each office and provided a roadmap for improvement.
- Responses were gathered through interviews with Commanders, Program Support Team (PST) members, and EVMS Monitors at 54 CAOs.
- The review team used MM to determine variation throughout the command.
- Responses were allocated across a five-point scale, with minimum criteria set for each level.
- Interviewers were instructed to seek objective evidence, including documents, plans, memos, and email messages to verify ratings.





## Aftermath

- **Results**
  - Scale of 1-5, -- Overall About a 3
  - Expectations unclear
  - Expertise needs improvement
  - Management Engagement missing
  - Contractor Ownership and Use not quite there



### Results

- there was a need for improvement across the Command.
- analyzed the current Command baseline
- outlined initiatives to improve consistency between CAOs and map these recommendations into an action plan

**The graphic** above intends to portray how the three areas of EVMS (Program Surveillance, System Surveillance, and the Executive Agent) relate to one another. Further, there are activities that bridge areas of concentration. Also, it is key to discuss that the three areas are intertwined.



## Aftermath

- DCMC issued a report that identified six actions designed to improve EVMS consistency and increase performance
  - Address Variation in our internal DCMC Processes
  - Rewrite of DCMC Policy and Guidance
  - Improve EVMS Skills
  - Communicate DoD Executive Agent Role
  - Emphasize support to PM Offices
  - Partner with industry

- The Final report included required actions aimed at every level in DCMC to improve consistency. The actions are:

Develop and implement strategy for improving DCMC EVMS maturity.

Develop and issue new EVMS One Book Policy and Guidebook.


Develop and implement an EVMS Training Matrix.

Improve understanding of the Executive Agent Role.

Emphasize PST role in Program Analysis and Reporting.

Partner with industry to promote contractor ownership of EVMS.



The actions that are laid out provides for the laying out of a roadmap for improvement....both internal *and external* to DCMC.

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 <h2 style="text-align: center;">Basic Shewhart Cycle</h2>				
	EV Term	Contractor	PM	DCMC
<b>Plan</b>	IBR (Integrated Baseline Review)	Do	Lead	Invite
<b>Do</b>	Corporate System description	Perform to Baseline	Manage to Baseline	Support PM
	Advance Agreement	Have Reliable System	Know system is ok	Validate System
<b>Check</b>	CPRs (Cost Performance Report)	Use data	Use Data	Use Data
	System Surveillance	Keep system fresh	Tell DCMC if concerned	Joint Surveillance or CSO
<b>Act</b>	Contractor Ownership	Act on Info	Adjust to info	Insights on info
	System Evaluation	Tell us changes	Coordinate with DCMC	Plan System Review

As Stewards of the process, we wanted to lay out the responsibilities. So, as a result, we came up with this Shewhart Cycle to portray DCMC's sense of the EVMS World.

1. CAO personnel are engaged in both System AND Program Surveillance
2. CAO Surveillance should cover the Shewhart Cycle in so far as addressing:
  - a. Plan
  - b. Do
  - c. Check
  - d. Act

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Contractors

Said:  
Let us own system

Expectation:  
Have documented systems (a la QA- ISO 9000)  
Perform internal audits of their systems  
Continuously improve system  
Use system even when not contractually required

Facts (from Baseline Reviews):  
Few sites have comprehensive policy  
Few perform internal audits  
Few continuous improve system - afraid to change system  
previously accepted under C/SCSC  
Few use on all projects

The next three charts highlight the “expectations” and “facts” as observed by the review team. The review provided valuable information on how to improve the use of EVM.

DCMC had certain expectations going into the review: basic contractor ownership entailed documented systems, internal audits, and a method for continuous improvement.

However, it became clear that many contractors did not have these same expectations.

The facts showed that

- few contractors had a comprehensive policy (which led to a wide array of interpretations and products)
- there is reluctance to change anything (perception gov’t would want to review entire system)
- it is only used where required (showed lack of ownership)



## Program Managers

Said:

We own our programs, let us manage them

Expectation:

PMs conduct Integrated Baseline Review (IBR)

Appropriately apply EV on contracts

Use EV data in their ongoing activities (few surprises)

Include DCMC

Facts (from Baseline Reviews):

DCMC not consistently invited on PMs IBRs

PMs say too many surprises are still occurring

Some PMs do not want our analysis


Confusion between system and program surveillance

We look to the program offices to set the tone. Without their strong leadership and teaming with DCMC, our job as executive agent is made all the more tough, if not impossible.

The IBR is probably the single most key event in the EVMS arena. Without scoping out the work properly and establishing a baseline, the resultant numbers and analysis are meaningless.

The confusion over system surveillance stems from communicating the difference between assuring that the contractors system continues to provide good data, versus commenting on the implications of the data related to programmatic issues.

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DCMC

Said:

We own Executive Agent, let us manage it

Expectation:

- Have documented processes (a.k.a. One Book)
- Appropriately apply validations
- Communicate EV data (few surprises)
- Partnering


Facts (from Baseline Reviews):

- Variation in execution
- Validation Process needs to be consistent
- EVMS Reporting needs to be timely and insightful
- Inconsistent relationships w/ contractors

This chart talks to some of the key expectations and facts that were uncovered during the baseline review. Also, it is critical to “validate” the expectations from the participants at the Management Council as they are one of our barometers to measure our performance.

Program Offices are concerned about the validity of a contractors EVMS. Their expectation is that DCMC will communicate the results of system surveillance activities to provide them with continued assurance that the data they are using is valid.

Further, we want to improve consistency in implementation. And all of us want fewer surprises. When we can collectively communicate about our expectations and get feedback on how we’re all doing, we all succeed. This presentation serves to accomplish just that.

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	<h1>DCMC XXX</h1>
<ul style="list-style-type: none"> <li>• <b>THESE BULLETS ARE PROVIDED FOR EXAMPLE PURPOSES ONLY. THEY MUST BE CHANGED TO REFLECT THE OBSERVATIONS FROM YOUR CAO.</b></li> <li>• <b>Strengths:</b> <ul style="list-style-type: none"> <li>– Executive Agent <ul style="list-style-type: none"> <li>• The CAO is aware of the Executive Agent role and has a process for withdrawal of government acceptance</li> </ul> </li> <li>– Program Analysis <ul style="list-style-type: none"> <li>• Program analysis is being performed</li> <li>• The EVMS Monitor uses Performance Analyzer for analysis.</li> <li>• The CAO does review budget and undistributed budget logs.</li> </ul> </li> <li>– System Surveillance <ul style="list-style-type: none"> <li>• Good cross-communication among CAO functional personnel</li> <li>• The EVMS Monitor has had earned value training</li> </ul> </li> </ul> </li> </ul>	

This is the part where the local DCMC offices inputs information specific to the contractor and PM at the Management Council that they are briefing.

We’re trying improve in three categories: System, Program and Executive Agent.

For example, each CAO would review their respective report and address the strengths and areas of improvement that were identified as well as commenting on their relative level.

The chart is intended to show the “state of EVMS” at the particular contractor facility that is targeted for the Management Council. What needs to be done at the local level. Assess the strengths and weaknesses for the nine questions that were asked (Reference TM 99-151) and what has changed at their office since the review was completed.

Also, address the findings of other external reviews.



## DCMC XXX

- **THESE BULLETS ARE PROVIDED FOR EXAMPLE PURPOSES ONLY. THEY MUST BE CHANGED TO REFLECT THE OBSERVATIONS FROM YOUR CAO.**
- Areas for Improvement:
  - Executive Agent
    - The CAO Executive Agent process it is not documented.
  - Program Analysis
    - The CAO does generate earned value information but needs to forward the info to the customer
    - Increase use of earned value data within the CAO.
  - System Surveillance
    - Update surveillance plan and include provisions for overall system surveillance.
    - Explore developing a joint surveillance agreement in order to maximize resources and enhance contractor system ownership.
    - Improve internal system for corrective action and follow-up.

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For example, each CAO would review their respective report and address the strengths and areas of improvement.





## What Are Your Ideas?

- Where do you think we are?
- What do we need to do to seek improvement?
- What is it that DCMC needs to do with the Contractor and the PM to be more effective?
- What processes and relationships need attention?
- How do we improve EVMS at DCMC XXX?

Note:

The objective of the chart is to engender open discussion and a plan for improvement.



## Summary

- DCMC is committed to making EVMS work
- Encourage partnering
- We succeed only when we plan and measure
- As DoD Executive Agent, we are here to help